

ORDINANCE NO. 20080306-053

CITY OF AUSTIN, TEXAS

**WATER AND WASTEWATER SYSTEM
VARIABLE RATE
REVENUE REFUNDING BONDS, SERIES 2008**

March 6, 2008

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LIST OF EXHIBITS

Exhibit A	-	Refunded Obligations
Exhibit B	-	Definitions
Exhibit C	-	Paying Agent/Registrar Agreement
Exhibit D	-	Special Escrow Agreement
Exhibit E	-	Auction Procedures

ORDINANCE NO. 20080306-053

AN ORDINANCE authorizing the issuance and sale of “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM VARIABLE RATE REVENUE REFUNDING BONDS, SERIES 2008,” prescribing the terms, features and specifications of said Bonds; pledging the net revenues of the City’s Water and Wastewater System to the payment of principal of and interest on said Bonds and to the payment of other obligations of the City; establishing procedures for the sale and delivery of the Bonds; and delegating matters relating to the sale and issuance of the Bonds to an authorized City officer or employee; approving the form and content a Paying Agent/Registrar Agreement and Special Escrow Agreement and the approval and distribution of an Official Statement pertaining thereto; enacting other provisions related thereto; and providing an effective date.

WHEREAS, the City of Austin, Texas (the “City” or “Issuer”) has heretofore authorized, issued and sold certain obligations which are being paid in whole or in part from the revenues of the City’s Water and Wastewater System, and which are identified in Exhibit A hereto, and such bonds are hereinafter referred to collectively as the “Refunded Obligations”; and

WHEREAS, the City is authorized to issue bonds to refund the Refunded Obligations, including pursuant to V.T.C.A., Government Code, Chapters 1207 and 1371, as amended; and

WHEREAS, the City previously adopted Ordinance No. 20080306-052 (the “Fourteenth Supplement”) which approved and authorized the delivery of an interest rate management agreement to hedge against possible increases in the rate of interest to be borne by the Bonds issued hereunder; and

WHEREAS, pursuant to the provisions of V.T.C.A., Government Code, Chapters 1207 and 1371, as amended, the City Council is authorized to issue refunding bonds and deposit the proceeds of sale directly with any place of payment for the Refunded Obligations, or other authorized depository, and such deposit, when made in accordance with said statutes, and ordinances authorizing the issuance of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for their discharge and final payment; and

WHEREAS, the City shall by this Ordinance, in accordance with the provisions of Section 1207.007, Texas Government Code, as amended, and Section 1371.056, Texas Government Code, as amended, delegate to a Pricing Officer (hereinafter designated) the authority to select the specific maturities (whole or part) of the Refunded Obligations to be refunded; and

WHEREAS, the City Council hereby finds and determines that it is a public purpose and in the best interests of the City to refund the Refunded Obligation in order to achieve a present value debt service savings of not less than 5.25%, with such savings, among other information and terms to be included in a pricing certificate (the "Pricing Certificate") to be executed by the Pricing Officer (hereafter designated), all in accordance with the provisions of Section 1207.007, Texas Government Code, as amended; and

WHEREAS, the City Council further finds and determines the refunding bonds herein authorized can and shall be issued on a parity with the outstanding "Parity Water/Wastewater Obligations" in accordance with and under the terms and provisions of Ordinance No. 000608-56A, (the "Master Ordinance") and the Prior Supplements; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS:

SECTION 1: DEFINITIONS AND EXHIBITS. In addition to the definitions set forth in the preamble of this Ordinance (hereinafter referred to as this "Fifteenth Supplement"), the terms used herein and not otherwise defined shall have the meanings given in the Master Ordinance and Prior Supplements, thereto or in Exhibit B to this Fifteenth Supplement. The Exhibits attached hereto are fully incorporated herein by reference as if fully set forth in this Fifteenth Supplement.

SECTION 2: AUTHORIZATION-DESIGNATION-PRINCIPAL AMOUNT - PURPOSE. Revenue bonds of the City shall be and are hereby authorized to be issued in the principal amount not exceeding the maximum aggregate principal amount hereinafter set forth, such bonds to be designated and, subject to the provisions of this Fifteenth Supplement relating to changes in modes, bear the title "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM VARIABLE RATE REVENUE REFUNDING BONDS, SERIES 2008" (hereinafter referred to as the "Bonds"), for the purpose of refinancing and refunding the Refunded Obligations (the specific Refunded Obligations to be refunded shall be identified in the Pricing Certificate), and paying costs of issuance

in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapters 1207 and 1371, as amended.

**SECTION 3: FULLY REGISTERED OBLIGATIONS -
AUTHORIZED DENOMINATIONS – STATED MATURITIES –
INTEREST – DATE – DELEGATION OF AUTHORITY TO PRICING
OFFICER.**

(a) The Bonds shall be issued as fully registered obligations, without coupons, shall be dated (the “Bond Date”) as provided in the Pricing Certificate, and shall be in Authorized Denominations for the applicable Mode as such terms are defined in and set forth in Exhibit B, shall be numbered consecutively and shall become due and payable on May 15, 2031 or such other date as provided in the Pricing Certificate (the “Stated Maturity”) subject to earlier redemption as provided herein and in the Pricing Certificate.

(b) The Bonds shall bear interest on the unpaid principal amounts from the date of their initial issuance and delivery, anticipated to be the date specified in the Pricing Certificate, at the rate(s) per annum specified for the applicable Mode as provided herein (initially the Weekly Mode as defined in Exhibit B hereto), calculated and payable as set forth herein for the applicable Mode; provided, however, that the Pricing Officer shall be and is hereby authorized to determine the initial Weekly Mode interest rate on the Bonds which shall be in effect from the date of initial issuance and delivery of the Bonds through the end of the first Weekly Rate Period, as defined in Exhibit B hereto, and provided further, however, that the initial Weekly Rate interest rate shall be the rate set forth in the Bond Purchase Agreement to be executed by the Pricing Officer and such execution shall evidence the agreement of the City to such initial rate; provided that such initial rate shall not exceed the per annum rate specified in paragraph (d)(2) below. Such initial interest rate shall be established on the Business Day prior to the date of initial issuance and delivery of the Bonds, in accordance with the Bond Purchase Agreement and this Fifteenth Supplement. Thereafter the interest rate to be applicable to the Bonds shall be determined as provided in Section 5 hereof. The Bonds shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire principal amount of the Bonds has been paid.

(c) The forms of Bonds shall be approved by the Pricing Officer as evidenced by the execution of the Pricing Certificate by the Pricing Officer and shall be attached to the Pricing Certificate.

(d) As authorized by Section 1207.007, Texas Government Code, as amended, and Section 1371.056, Texas Government Code, as amended, the City Manager or Chief Financial Officer of the City (each, a "Pricing Officer") is hereby authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in this Fifteenth Supplement, including selection of the specific maturities or series (whole or part) of the Refunded Obligations to be refunded, determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the year(s) in which the Bonds will mature, the principal amount to mature in each of such years, the initial interest rate for the Bonds, the first interest payment date, the price and terms upon and at which the Bonds shall be subject to mandatory sinking fund redemption provisions, any special mandatory redemption provisions, the forms of the Bonds, the selection of the Remarketing Agent for the Bonds, negotiate and execute a Remarketing Agreement and Bond Purchase Agreement and all other matters relating to the issuance, sale, and delivery of the Bonds all of which shall be specified in the Pricing Certificate, provided that:

- (1) the aggregate original principal amount of the Bonds shall not exceed \$175,000,000;
- (2) the initial interest rate for the Bonds shall not exceed 6.00% per annum;
- (3) the refunding must produce present value debt service savings of at least 5.25%, net of any contribution by the City.

(e) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (d)(1) above, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. The delegation made hereby shall expire on September 6, 2008 if not exercised by the Pricing Officer. The Bonds shall be sold by negotiated sale to Goldman, Sachs & Co. or such other underwriter(s) named in the Pricing Certificate (the "Underwriters"), at such price and with and subject to such terms as set forth in the Pricing Certificate and in the Bond Purchase Agreement.

SECTION 4: TERMS OF PAYMENT – CERTAIN AGENTS. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the

registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of U.S. Bank National Association to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as Exhibit C, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. Each Authorized Official is authorized to execute and deliver such Paying Agent/Registrar Agreement in substantially the form attached as Exhibit C with such changes an Authorized Official may approve. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at their Stated Maturity, or earlier redemption only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid on the Interest Payment Date to the Holders whose names appear in the Security Register at the close of business on the applicable Record Date for the then current Mode, as specified herein, and such interest shall be paid by the Paying Agent/Registrar by wire transfer of immediately available funds to an account specified by the Holder in a writing delivered to the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar at the request of and at the risk and expense of the Holder. Any such specified account shall remain in effect until revised by such Holder by an instrument in writing delivered to the Paying Agent/Registrar. The principal of and premium, if any, on each Bond shall be payable on the Principal Payment Date, upon surrender thereof at the Designated Payment/Transfer Office of the

Paying Agent/Registrar. If an Interest Payment Date or Principal Payment Date shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a Record Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

The selection and appointment of Goldman, Sachs & Co. to serve as Remarketing Agent for the Bonds is hereby approved and confirmed, and such appointment shall be governed by Section 8 herein and the Remarketing Agreement, which form will be attached to and approved in the Pricing Certificate. The Pricing Officer shall be and is hereby authorized to negotiate, execute and deliver such Remarketing Agreement.

The selection and appointment of U.S. Bank National Association to serve as Tender Agent for the Bonds is hereby approved and confirmed, and such appointment shall be governed by Section 8 herein, and the Tender Agent Agreement, which form will be attached to and approved in the Pricing Certificate. The Pricing Officer shall be and is hereby authorized to negotiate, execute and deliver such Tender Agent Agreement.

Except as may be specifically set forth herein, the Paying Agent/Registrar, the Tender Agent, the Remarketing Agent, if any, the Auction Agent, if any, the Broker-Dealer, if any, and the City may treat the Holder of a Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and the Paying Agent/Registrar, the Tender Agent, the Remarketing Agent, if any, the Auction Agent, if any, the Broker-Dealer, if any, and the City shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and

premium, if any, and interest on such Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge the liability of such Bond to the extent of the sum or sums so paid. All Bonds at maturity or on earlier redemption paid pursuant to the provisions hereof shall be cancelled by the Paying Agent/Registrar.

SECTION 5: CONDITIONS AND TERMS OF BONDS. Unless otherwise provided in any writing with or from the Securities Depository, the interest on the Bonds shall be paid by the Paying Agent/Registrar on the Interest Payment Dates.

(a) Payment of Principal and Interest of Bonds; Acceptance of Terms and Conditions.

(1) The interest on the Bonds shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, and on each Redemption Date. The principal of the Bonds shall become due and payable on the Principal Payment Dates.

(2) By the acceptance of its Bond, the Holder and each Beneficial Owner thereof shall be deemed to have agreed to all the terms and provisions of such Bond as specified in such Bond and this Ordinance including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Bond, method and timing of purchase, redemption, payment, etc. Such Holder and each Beneficial Owner further agree that if, on any date upon which one of its Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent/Registrar or the Tender Agent to pay the full amount due on such Bond, then such Holder or Beneficial Owner shall have no rights under this Ordinance other than to receive such full amount due with respect to such Bond and that interest on such Bond shall cease to accrue as of such date.

(3) While any Bonds are Liquidity Provider Bonds, such Bonds shall bear interest and be payable at the times and in the amounts required under the Liquidity Facility.

(b) Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate.

(1) When a Short-Term Mode or a LIBOR Indexed Mode is in effect, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Term Rate Mode or Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. When an Auction Mode is in effect and the Auction Period is 180 days or less, interest on the Bonds shall be computed on the basis of actual days over 360. When an Auction Mode is in effect and the Auction Period is greater than 180 days, interest on the Bonds shall be computed on the basis of a 360 day year of twelve 30-day months. Payment of interest on each Bond shall be made on each Interest Payment Date for such Bond for unpaid interest accrued during the Interest Accrual Period to the Holder of record of such Bond on the applicable Record Date.

(2) The Bonds in any Interest Rate Mode, other than a Fixed Rate Mode, may be changed to any other Interest Rate Mode at the times and in the manner hereinafter provided. Subsequent to such change in Interest Rate Mode (other than a change to a Fixed Rate Mode), the Bonds may again be changed to a different Interest Rate Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date and may not be changed to any other Interest Rate Mode.

(3) No Bonds shall bear interest at an interest rate higher than the Maximum Rate.

(4) In the absence of manifest error, the determination of interest rates (including any determination of rates in connection with a New Mode) and interest periods by the Remarketing Agent or the Auction Agent and the record of interest rates maintained by the Paying Agent/Registrar shall be conclusive and binding upon the Remarketing Agent, the Broker-Dealer, the Auction Agent, the Paying Agent/Registrar, the Tender Agent, the City, the Holders and the Beneficial Owners.

(c) Determination of Flexible Rates and Interest Periods During Flexible Mode. An Interest Period for the Bonds in the Flexible Mode shall be of such duration of one to 270 calendar days, ending on a day preceding a Business Day or the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond can have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 5(b) hereof, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent

shall select for such Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Bond at par in the secondary market at the lowest average interest cost for all Flexible Rate Bonds; provided, however, that if the Remarketing Agent has received notice from the City that the Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the resulting applicable Mandatory Purchase Date of the Bonds.

Except while the Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Bond in the Flexible Mode must present such Bond to the Paying Agent/Registrar, by 12:00 noon on the Rate Determination Date, in which case, the Paying Agent/Registrar shall pay the Purchase Price to such Holder by 3:30 P.M. on the same day.

By 1:00 P.M. on each Rate Determination Date, the Remarketing Agent, with respect to each Bond in the Flexible Mode which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Bond and shall give notice by Electronic Means to the Paying Agent/Registrar and the City, of the Interest Periods, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 P.M. on each Rate Determination Date by telephone or Electronic Means to any Beneficial Owner or Notice Party requesting such information.

(d) Determination of Interest Rates During the Daily Mode and the Weekly Mode. The interest rate for the Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

(1) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 A.M. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once each week by Electronic Means to each Notice Party requesting such rate.

(2) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 P.M. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available no later than 5:00 P.M. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

(e) Determination of Term Rates and Fixed Rates.

(1) Term Rates. Except as provided in Section 5(f) hereof, once the Bonds are changed to the Term Rate Mode, the Bonds shall continue in the Term Rate Mode until changed to another Interest Rate Mode in accordance with Section 5(i) hereof. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 P.M. on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone or by Electronic Means to any Notice Party requesting such rate. The Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of the Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the City in writing delivered to the Remarketing Agent before such Rate Determination Date. If a new Interest Period is not selected by the City prior to a Rate Determination Date, the new Interest Period shall be the same length as the current Interest Period (or such lesser period as shall be necessary to comply with the last sentence of this paragraph). The Remarketing Agent shall make the Term Rate available by telephone or Electronic Means after 5:00 P.M. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party the Paying Agent/Registrar shall give notice of such rate by Electronic Means. No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

(2) Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for the Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 P.M. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Rates, if the Bonds will have Serial Maturity Dates in accordance with Section 5(i)(2)(v) hereof). Except as set forth in Section 5(i)(2)(v) hereof, the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of the Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or

by Electronic Means after 5:00 P.M. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party the Paying Agent/Registrar shall give notice of such rate by Electronic Means. Subject to Section 5(i)(2)(v), the Fixed Rate so established shall remain in effect until the Maturity Date of such Bonds.

(f) Alternate Rates. The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for the Bonds other than when the Bonds are in the LIBOR Indexed Mode or the Auction Mode, (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to the Bonds (or the selection by the City of the Interest Periods for Bonds in the Term Rate Mode) shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent (or the City, if applicable) again makes such determinations. In the case of clause (ii) above, the Remarketing Agent (or the City, if applicable) shall again make such determination at such time as there is delivered to the Remarketing Agent and the City an Opinion of Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible and Term Rate Modes, the Interest Periods, shall be determined for the Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to the Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to the Bonds. These provisions shall not apply if the City fails to select an Interest Period for the Bonds in the Term Rate Mode for a reason other than as described in clause (ii) above.

(1) For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for the Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for the Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

(2) If the Bonds are in the Daily Mode or the Weekly Mode, then the Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

(3) If the Bonds are then in the Term Rate Mode, then the Bonds shall automatically convert to Flexible Rate Bonds, with an Interest Period commencing on the first day following the last day of the current Interest Period for the Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for the Bonds shall be the applicable Alternate Rate in effect at the beginning of each such Interest Period.

(g) Determination of the Auction Period Rate. The Auction Period Rate shall be determined as provided in Exhibit E hereto. The Auction Period Rate for Bonds during each Auction Period shall be determined by the Auction Agent and notice thereof shall be given as provided in Exhibit E hereto. Interest shall accrue from one Interest Payment Date to, but not including, the next Interest Payment Date.

(h) Determination of LIBOR Index Rates. During each LIBOR Interest Period, the Bonds shall bear interest at the LIBOR Index Rate, which shall be the rate of interest per annum determined by the Paying Agent/Registrar on the Rate Determination Date to be the sum of (a) 67% of the Three Month LIBOR Rate and (b) a rate per annum determined on or before the Conversion Date by the Remarketing Agent, in its sole discretion based on market conditions at the time such rate is determined, which, when added to the rate calculated pursuant to clause (a) results in a LIBOR Index Rate necessary to sell the Bonds at 100% of the principal amount on the Conversion Date. The LIBOR Index Rate shall be rounded upward or downward to the fifth decimal place and the LIBOR Index Rate may not exceed the Maximum Rate. Upon the request of a Holder of any Bond, the Paying Agent/Registrar will provide the LIBOR Index Rate then in effect and, if determined, the LIBOR Index Rate that will become effective for the next LIBOR Interest Period. The Paying Agent/Registrar's determination of any LIBOR Index Rate, and its calculation of the amount of interest for any LIBOR Interest Period, will be final and binding in the absence of manifest error.

(i) Changes in Interest Rate Mode. Subject to the provisions of this subsection, the City may effect a change in Interest Rate Mode with respect to all or a portion of the Bonds by following the procedures set forth in this subsection. If the Interest Rate Mode is to be changed for a portion of the Bonds (and not all of the Bonds), the City and the Paying Agent/Registrar shall take such actions as shall be necessary or desirable to distinguish the portion of the Bonds in one Interest Rate Mode from the portion of the Bonds in a different Interest Rate

Mode, including assigning different designations to different portions of the Bonds or creating additional sub-series of Bonds.

(1) Changes to Interest Rate Modes Other Than to Fixed Rate Mode. All or a portion of the Bonds (other than Bonds in the Fixed Rate Mode) may be changed from one Interest Rate Mode to another Interest Rate Mode (other than the Fixed Rate Mode) as follows:

(i) Conversion Notice; Notice to Holders. No later than a Business Day which is at least seven (7) Business Days prior to the date on which the Tender Agent is required to notify the registered owners (or such shorter time as may be agreed to by the City, the Paying Agent/Registrar, the Tender Agent, the Remarketing Agent, the Auction Agent, if any, and the Broker-Dealer, if any) preceding the proposed Conversion Date, the City shall give written notice to the Notice Parties of its intention to effect a change in the Interest Rate Mode from the Interest Rate Mode then prevailing (for purposes of this subsection, the "Current Mode") to another Interest Rate Mode (for purposes of this subsection, the "New Mode") specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the City. Such notice shall be accompanied by a Favorable Opinion of Bond Counsel. Notice of the proposed change in Interest Rate Mode shall be given by the Tender Agent to the Holders of the Bonds not later than the 20th day next preceding the Conversion Date; provided, that no notice need be given for a Conversion Date occurring on the first Business Day following the last day of a Flexible Rate Period or Term Rate Mode or on a Substitution Date. Such notice shall state: (1) the Interest Rate Mode to which the conversion will be made and the Conversion Date and in the case of a conversion to an Auction Mode, the length of the Initial Period, the first Auction Date, the first Interest Payment Date following the Conversion Date and the initial Auction Period; (2) (a) in the case of a change from any Interest Rate Mode other than from the Auction Mode, from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will be subject to mandatory purchase on the Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode are satisfied) and the Purchase Price of the Bonds; (b) in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Bonds will not be subject to mandatory purchase on the Conversion Date; and (c) in the case of a change from the Auction Mode, that the Bonds are subject to mandatory purchase on the Conversion Date only if all of the

conditions to the change in Interest Rate Mode are satisfied and the Purchase Price of the Bonds; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Bond certificates and payment of Purchase Price. If the conversion is from an Auction Mode, such notice shall also state that if conditions are not satisfied, then the Bonds shall not be subject to mandatory tender, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and the interest rate will continue to be the Auction Period Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Rate, and the Auction Period will be the seven-day Auction Period. In the case of Bonds being converted to the Auction Mode, the Tender Agent shall not mail such written notice if converting from a Flexible Rate Period until it has received a written confirmation from the Remarketing Agent that no Interest Period for the Bonds extends beyond the Conversion Date.

(ii) Determination of Interest Rates. The New Mode shall commence on the Conversion Date and the interest rate(s) (together, in the case of a change to the Flexible Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent (or the City in the case of the Interest Period for the Bonds converted to the Term Rate Mode) in the manner provided in subsections 5(c), (d) and (e) hereof, as applicable. In the case of Bonds being converted to the Auction Mode, the length of the Initial Period shall be selected by the City and the Broker-Dealer shall establish the Initial Period Rate for such Initial Period and shall give notice thereof as provided in the Broker-Dealer Agreement. Such determination shall be conclusive and binding upon the City, the Paying Agent/Registrar, the Auction Agent and the Holders of the Bonds to which such rate will be applicable.

(iii) Conditions Precedent:

(A) The Conversion Date shall be:

(1) in the case of a change from the Flexible Mode, the next Mandatory Purchase Date for all of the Flexible Rate Bonds;

(2) in the case of a change from the Daily or Weekly Mode (other than to the Daily or Weekly Mode), any Interest Payment Date

and in the case of a change from the Daily or Weekly Mode to the Daily or Weekly Mode, any Business Day; and

(3) in the case of a change from the Term Rate Mode to another Interest Rate Mode, or from a Term Rate Period to a Term Rate Period of a different duration, or from a LIBOR Indexed Mode to another Interest Rate Mode, the Conversion Date shall be limited to any Interest Payment Date on which the Bonds are subject to optional redemption or to the last Interest Payment Date of the current Term Rate Period, as the case may be. Such Bonds shall be purchased on such Conversion Date at a Purchase Price equal to 100% of the principal amount thereof, provided that if such Bonds would otherwise be subject to optional redemption on such Conversion Date at a Redemption Price of more than 100% of the principal amount thereof, such Bonds shall be purchased at a Purchase Price equal to such Redemption Price; and

(4) in the case of a change from the Auction Mode to another Interest Rate Mode, the Conversion Date shall be the Interest Payment Date following the final Auction Period.

(B) If the Bonds to be converted are in the Flexible Mode, no Interest Period set after delivery by the City to the Remarketing Agent of the notice of the intention to effect a change in Interest Rate Mode shall extend beyond the day preceding the proposed Conversion Date.

(C) The following items shall have been delivered to the Paying Agent/Registrar, the Remarketing Agent, if any, and the Broker-Dealer, if any, on or prior to the Conversion Date:

(1) in the case of a change from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode or to or from the Auction Mode or from a Long-Term Mode to a Long-Term Mode if the Purchase Price is not equal to the principal amount of the Bonds subject to conversion, a Favorable Opinion of Bond Counsel dated the Conversion Date and addressed to the Notice Parties;

(2) if there is to be a Liquidity Facility or an Alternate Liquidity Facility or a Credit Enhancement or an Alternate Credit Enhancement delivered in connection with such change, the items required by Section 7(h)(4) hereof; and

(3) except in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, a Rating Confirmation Notice, or if the Conversion Date is a Mandatory Purchase Date, a notice from the Rating Agencies of the rating(s) to be assigned the Bonds on such Conversion Date.

(D) No Bonds may be converted to the Auction Period Rate when the Bonds are not held by a depository in book-entry form.

(E) After any conversion of a portion of the Bonds from an Auction Mode, there shall remain not less than \$10,000,000 in aggregate principal amount of the Bonds bearing interest at an Auction Period Rate unless otherwise consented to by the Brokers-Dealers.

(F) It is a condition to the conversion of the Bonds from the Auction Mode and from the LIBOR Indexed Mode that all Bonds being converted be remarketed on the Conversion Date.

(2) Change to Fixed Rate Mode. At the option of the City, all or any portion of the Bonds bearing interest at an Auction Period Rate, a Daily Rate, a Weekly Rate or a Flexible Rate (in an amount which is an Authorized Denomination for the new Rate Period) may be changed to the Fixed Rate Mode, as provided in this subsection 5(i)(2). On any Business Day which is at least seven (7) Business Days prior to the date on which the Paying Agent/Registrar is required to notify the registered owners (or such shorter time as may be agreed to by the City, the Paying Agent/Registrar, the Remarketing Agent, the Tender Agent, the Auction Agent, if any, and the Broker-Dealer, if any, but in any event not less than the 20th day next preceding the Conversion Date) before the proposed Conversion Date, the City shall give written notice to the Notice Parties stating that the Interest Rate Mode will be changed to the Fixed Rate Mode and setting forth the proposed Conversion Date. Such notice shall also state whether or not there shall be Credit Enhancement with respect to the Bonds following such change and, if so, the identity of the Credit Provider. In addition, such notice shall state whether some or all of the Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to subsection (v) of this subsection (2). Such notice shall be accompanied by a Favorable Opinion of Bond Counsel. Any such change in Interest Rate Mode shall be made as follows:

(i) Conversion Date. The Conversion Date shall be:

(A) in the case of a change from the Flexible Mode, the next Mandatory Purchase Date for the Flexible Rate Bonds;

(B) in the case of a change from the Daily or Weekly Mode, any Interest Payment Date; and

(C) in the case of a change from the Term Rate Mode or the LIBOR Indexed Mode, the Conversion Date shall be limited to any Interest Payment Date on which the Bonds are subject to optional redemption or to the next Mandatory Purchase Date for the Term Rate Bonds, as the case may be. Such Bonds shall be purchased on such Conversion Date at a Purchase Price equal to 100% of the principal amount thereof, provided that if such Bonds would otherwise be subject to optional redemption on such Conversion Date at a Redemption Price of more than 100% of the principal amount thereof, such Bonds shall be purchased at a Purchase Price equal to such Redemption Price; and

(D) in the case of a change from the Auction Mode, the Interest Payment Date following the final Auction Period.

(ii) Notice to Holders. Not later than the 20th day next preceding the Conversion Date, the Paying Agent/Registrar shall cause, in the name of the City, a notice of such proposed change to be sent by United States mail, first class postage prepaid, to the Holders of the Bonds, stating that the Interest Rate Mode will be changed to the Fixed Rate Mode and the proposed Conversion Date. If the conversion is from an Interest Rate Mode other than an Auction Mode and LIBOR Indexed Mode, such notice shall also state that such Holder is required to tender such Holder's Bonds for purchase on such proposed Conversion Date regardless of whether all of the conditions to the change to the Fixed Rate Mode are satisfied. If the conversion is from an Auction Mode or LIBOR Indexed Mode, such notice shall also state that such Holder is required to tender such Holder's Bonds for purchase on the Conversion Date only if all of the conditions to the change to the Fixed Rate Mode are satisfied and that, if such conditions are not satisfied, then the Bonds shall not be subject to mandatory tender. For Bonds in the Auction Mode, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed

Conversion Date, and the interest rate will continue to be the Auction Period Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Rate, and the Auction Period will be the seven-day Auction Period.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the City, the Paying Agent/Registrar, the Credit Provider, if any, the Remarketing Agent, if any, and the Broker-Dealer, if any, on or prior to the Conversion Date:

(A) a Favorable Opinion of Bond Counsel dated the Conversion Date and addressed to the City, the Paying Agent/Registrar and the Remarketing Agent, if any, or the Broker-Dealer, if any;

(B) if there is to be Credit Enhancement delivered in connection with such change, the items required by Section 7(h)(4) hereof in connection with the delivery of an Alternate Credit Enhancement; and

(C) notice from the Rating Agencies of the rating(s) to be assigned the Bonds on such Conversion Date.

(iv) Determination of Interest Rate. The Fixed Rate (or rates in the case of Serial Bonds) for the Bonds to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent on the Rate Determination Date applicable thereto pursuant to the provisions of Section 5(e)(2). Such Rate shall remain in effect until the Maturity Date of the Bonds.

Such determination shall be conclusive and binding upon the City, the Paying Agent/Registrar, the Credit Provider, if any, and the Holders of the Bonds to which such rate will be applicable. Not later than 5:00 P.M. on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the Paying Agent/Registrar, the Credit Provider, and the City of such rate by telephone.

(v) Serialization and Sinking Fund; Price. Upon conversion of the Bonds to the Fixed Rate Mode, the Bonds shall be remarketed at par, shall mature on the same Maturity Date(s) and be subject to the same mandatory sinking fund redemption, if any, and special redemption provisions, if any, as set forth in this Ordinance for any prior Interest Rate

Mode; provided, however, that if the City shall deliver to the Paying Agent/Registrar a Favorable Opinion of Bond Counsel, the City may elect to (1) have some of the Bonds be Serial Bonds and some subject to sinking fund redemption even if such Bonds were not Serial Bonds or subject to mandatory sinking fund redemption prior to such change, (2) change the optional redemption dates and/or premiums set forth in Section 6(c)(2) hereof, and/or (3) sell some or all of the Bonds at a premium or a discount to par.

(3) Failure to Satisfy Conditions Precedent to an Interest Rate Conversion. In the event the conditions described above in subsections (1) or (2), as applicable, of this subsection have not been satisfied by the applicable Conversion Date, then the New Mode shall not take effect (although, except in the case of a failed conversion from the LIBOR Indexed Mode or the Auction Mode, any mandatory purchase shall be made on such date if notice has been sent to the Holders stating that such Bonds would be subject to mandatory purchase on such date). If the failed change in Interest Rate Mode was from the Flexible Mode, the Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 5(c) hereof. If the failed change in Interest Rate Mode was from the Daily Mode, the Bonds shall remain in the Daily Mode, and if the failed change in Interest Rate Mode was from the Weekly Mode, the Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 5(d) hereof on and as of the failed Conversion Date. If the failed change in Interest Rate Mode was from the Term Rate Mode, then the Bonds shall stay in the Term Rate Mode for an Interest Period ending on the following Interest Payment Date for the Bonds in the Term Rate Mode and the interest rate shall be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 5(e)(1) hereof. If the failed change in Interest Rate Mode was from the LIBOR Indexed Mode, then the Bonds shall not be subject to mandatory tender and the Bonds shall remain in the LIBOR Indexed Mode, with interest rates established in accordance with the applicable provisions of Section 5(h) hereof on and as of the failed Conversion Date. If the failed change in Interest Rate Mode was from the Auction Mode, then the Bonds shall not be subject to mandatory tender, the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day

next preceding the failed Conversion Date, and the interest rate will continue to be the Auction Period Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Rate, and the Auction Period will be the seven-day Auction Period. If the failed change in Interest Rate Mode was from the Auction Mode, the Paying Agent/Registrar will give notice by Electronic Means as soon as practicable and in any event not later than the next succeeding Business Day to the Holders, the City and the Credit Provider that such conversion has not occurred, that the Bonds will not be purchased on the failed Conversion Date, that the Auction Agent will continue to implement the Auction Procedures on the Auction Dates with respect to the Bonds which otherwise would have been converted excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate will continue to be the Auction Period Rate; provided, however, that the interest rate borne by the Bonds during the Auction Period commencing on such failed Conversion Date will be the Maximum Rate, and the Auction Period will be the seven-day Auction Period.

(4) Rescission of Election. Notwithstanding anything herein to the contrary, the City may rescind any election by it to change an Interest Rate Mode as described above prior to the Conversion Date by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Conversion Date; provided, that in the case of a conversion to an Auction Mode such rescission must occur prior to the setting of the Auction Period Rate by the Broker-Dealer. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the Holders of the Bonds, then such notice of change in Interest Rate Mode shall be of no force and effect. If the Tender Agent receives notice from the City of rescission of an Interest Rate Mode change after the Tender Agent has given notice thereof to the Holders of the Bonds, then if the proposed Conversion Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date, except if the conversion is from the LIBOR Indexed Mode or the Auction Mode. If the proposed change in Interest Rate Mode was from the Flexible Mode, the Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 5(c) hereof. If the proposed change in Interest Rate Mode was from the Daily Mode, the Bonds shall remain in the Daily Mode, and if the proposed change in Interest Rate Mode

was from the Weekly Mode, the Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 5(d) hereof on and as of the proposed Conversion Date. If the proposed change in Interest Rate Mode was from the Term Rate Mode, then the Bonds shall stay in the Term Rate Mode for an Interest Period ending on the following Interest Payment Date for the Bonds in the Term Rate Mode and the interest rate shall be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 5(e)(1) hereof. If the Remarketing Agent is unable to determine the interest rate on the proposed Conversion Date, the provisions of Section 5(f) shall apply in effect at the beginning of each such Interest Period. If the proposed change in Interest Rate Mode was from the LIBOR Indexed Mode, the Bonds shall remain in the LIBOR Indexed Mode, with interest rates established in accordance with the applicable provisions of Section 5(h) hereof on and as of the proposed Conversion Date. If the proposed change was from the Auction Mode, then an Auction for the Bonds will be held on the Business Day immediately preceding the proposed Conversion Date as though no notice of conversion had ever been given except as provided in Section 5(i)(3) hereof.

SECTION 6: REDEMPTION OF BONDS.

(a) Optional Redemption of Flexible Rate Bonds. Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Flexible Mode shall be subject to redemption at the option of the City in whole or in part on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

(b) Optional Redemption of Bonds in the Daily Mode or the Weekly Mode. Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the City, in whole or in part, in Authorized Denominations on any Business Day, at the Redemption Price on the Redemption Date.

(c) Optional Redemption of Bonds in the Term Rate or the Fixed Rate Mode.

(1) Bonds in a Term Rate Mode shall be subject to redemption, in whole or in part, on their individual Mandatory Purchase Dates, at the option of the City at the Redemption Price.

(2) Bonds in the Term Rate Mode or Fixed Rate Mode are subject to redemption in whole on any date or in part on any Interest Payment Date (and if in part, in such order of maturity as the City shall specify and within a maturity by lot or by such other method as the Paying Agent/Registrar determines to be fair and reasonable and in Authorized Denominations) commencing on the Interest Payment Date next following the tenth anniversary of the change to the Term Rate Mode or Fixed Mode at the Redemption Price. If the length of the Term Rate Period or Fixed Rate Period is less than ten years, then the Bonds shall not be subject to redemption during such Term Rate Period or Fixed Rate Period.

(3) The City, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such Bonds so changed to a Long-Term Mode at any time without premium; provided that notice describing the waiver or alteration shall be submitted to the Paying Agent/Registrar and the Remarketing Agent, together with a Favorable Opinion of Bond Counsel, addressed to them.

(4) If a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the City to direct an optional redemption is subject to the condition that the Paying Agent/Registrar has received, prior to the date on which notice of redemption is required to be given to Holders, either Available Moneys of the City or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

(d) Optional Redemption of Bonds in the LIBOR Indexed Mode. Bonds in the LIBOR Indexed Mode are subject to redemption prior to their stated maturity, at the option of the City, in whole or in part, in such amounts as may be specified by the City on any Interest Payment Date on and after the fifth anniversary of the first day of the LIBOR Indexed Mode, at the Redemption Price.

(e) Optional Redemption of Bonds in the Auction Mode. Bonds in the Auction Mode shall be subject to redemption, in whole or in part, in Authorized Denominations, at the Redemption Price, to the Redemption Date, on the Interest Payment Date immediately following the end of an Auction Period; provided that after any optional redemption there shall be not less than \$10,000,000 in aggregate principal amount of any Bonds unless otherwise consented to by the Broker-Dealers.

(f) Notice of Redemption on Mandatory Purchase Date. Notwithstanding anything herein to the contrary, no notice of redemption is required to be given for a redemption occurring on a Mandatory Purchase Date.

(g) Mandatory Sinking Fund Redemption of Bonds in the Auction Mode. During an Auction Mode, if a scheduled sinking fund redemption date is not an Interest Payment Date, the Bonds will be redeemed on the Interest Payment Date immediately preceding the scheduled sinking fund redemption date. The Bonds in a Flexible Auction Period may be redeemed prior to the end of the Flexible Auction Period pursuant to the sinking fund redemption schedule.

(h) Notice of Redemption or Defeasance During an Auction Mode. While the Bonds are in an Auction Mode, in addition to any requirement set forth herein, notice of redemption or defeasance shall comply with the following requirements. The Paying Agent/Registrar shall notify the Auction Agent by Electronic Means when any notice of redemption or defeasance is sent to the Securities Depository as Holder of the Bonds. Prior to sending the notice, the Paying Agent/Registrar shall verify with the Auction Agent by Electronic Means the lottery publication date to be used in the notice. In the event the Auction Agent receives written notice from the Paying Agent/Registrar of any redemption or defeasance of any Bonds, the Paying Agent/Registrar shall, at least three Business Days prior to the redemption date, or defeasance date, as applicable, with respect to such Bonds, request the Securities Depository to notify the Auction Agent of the identities of the Participants (and the respective principal amounts) from the accounts of Bonds have been called for redemption or defeasance and at least one Business Day prior to the redemption date, or defeasance date, as applicable, with respect to Bonds being partially redeemed or defeased, the Auction Agent shall request each eligible Broker-Dealer to disclose to the Auction Agent (upon selection by such Participant of the Existing Holders whose Bonds are to be redeemed or defeased) the aggregate principal amount of such Bonds of each such Existing Holder, if any, to be redeemed or defeased. By the close of business on the day the Auction Agent receives any notice pursuant to this paragraph, the Auction Agent shall forward the contents of such notice to the related Broker-Dealer by Electronic Means.

If the Paying Agent/Registrar and the Auction Agent are unable to verify a lottery publication date in accordance with the paragraph above, then the procedures in this paragraph shall apply if any of the Bonds are to be called for redemption or defeased. Simultaneously with (and on the same day of) the giving of any notice of redemption or defeasance of any Bonds to the Securities Depository as the Holders of such Bonds, the Paying Agent/Registrar shall provide

the Auction Agent with a copy of such notice, by Electronic Means acceptable to the Auction Agent. If less than all of the Bonds are to be called for redemption or defeased, such notice shall include, under an item entitled "Publication Date for Securities Depository Purposes," the Securities Depository lottery publication date applicable to such Bonds, which date shall be two (2) Business Days after the second Auction Date that immediately precedes the date specified in such notice as the date fixed for the redemption or defeasance of such Bonds (the "Redemption/Defeasance Date") (three (3) Business Days immediately preceding such Redemption/Defeasance Date in the case of Bonds in the daily Auction Period). The Paying Agent/Registrar shall, at least two (2) Business Days prior to the Redemption/Defeasance Date specified in any such notice of redemption or defeasance of such Bonds, as the case may be, request the Securities Depository to disclose to the Auction Agent the DTC Participant number of each Securities Depository's participant in whose account at the Securities Depository any of such Bonds have been called for redemption or defeasance (and the principal amount of the Bonds held in the account that have been so called) and, at least one (1) Business Day prior to such the Auction Agent shall request each Broker-Dealer to use its best efforts to disclose to the Auction Agent (upon selection by such participant of the Existing Holder or Existing Holders whose Bonds are to be so redeemed or defeased and the principal amount of each thereof to be so redeemed or defeased) the aggregate principal amount of such Bonds of each such Existing Holder, if any, to be redeemed or defeased. The Auction Agent shall forward to the applicable Broker-Dealer by Electronic Means any notice received by the Auction Agent pursuant to this paragraph by the close of business on the day received by the Auction Agent.

(i) Certain Procedures for Optional Redemption. Unless otherwise set forth in this Ordinance, at least forty five (45) days prior to a redemption date for the optional redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(j) Mandatory Redemption. The Bonds shall be subject to mandatory redemption prior to maturity at the redemption price of par and unpaid accrued interest to the date of redemption on the respective dates and in principal amounts provided in the Pricing Certificate.

No later than thirty (30) days prior to each mandatory redemption date for the Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Bonds to be redeemed on the next following May 15 or November 15, as applicable, from moneys set aside for that purpose in the Debt Service Fund (as hereinafter defined). Any Bonds not selected for prior redemption shall be paid on the date of *their Stated Maturity*.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Bonds which, at least five (5) days prior to the mailing of the notice for the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraphs (a) through (e) of this Section and not theretofore credited against a mandatory redemption requirement.

(k) Selection of Bonds for Redemption. If less than all Outstanding Bonds are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bonds by the minimum Authorized Denomination thereof and shall select the Bonds to be redeemed within such Stated Maturity by such random method as the Paying Agent/Registrar utilizes for such purpose; provided, however, that Liquidity Provider Bonds shall be redeemed prior to any other Bonds.

(l) Notice of Redemption. Unless otherwise set forth in this Ordinance, not less than (i) while the Bonds are in a Short-Term Mode, fifteen (15) days and (ii) otherwise thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal

amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(m) Special Mandatory Redemption. The Bonds may be subject to special mandatory redemption in accordance with the requirements of the Series 2008 Liquidity Agreement. The Pricing Officer is authorized to negotiate and determine such special mandatory redemption provisions and shall set forth any such provisions in the Pricing Certificate.

SECTION 7: PURCHASE OF BONDS.

(a) Optional Tenders of Bonds in the Daily Mode or the Weekly Mode. Subject to subsection (f) hereof, the Beneficial Owners of Bonds in a Daily Mode or a Weekly Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to an Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Tender Agent by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Tender Agent shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

(b) Mandatory Purchase on Mandatory Purchase Date. The Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Tender Agent shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than twenty (20) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v) and (viii) of the definition of Mandatory Purchase Date, and no less than fourteen (14) days and three (3) days prior to the Mandatory Purchase Date described in clauses (xi) and (vii), respectively, of the definition of Mandatory Purchase Date. No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period

for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, the numbers, if applicable, of the Bonds to be purchased if less than all of the Bonds owned by such Holder are to be purchased, and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Tender Agent shall also give a copy of such notice to the Rating Agencies.

(c) Remarketing of Bonds; Notices.

(1) Remarketing of Bonds. The Remarketing Agent shall use its best efforts pursuant to the terms and conditions of the Remarketing Agreement to offer for sale:

(i) all Bonds or portions thereof as to which notice of tender pursuant to Section 7(a) hereof has been given; and

(ii) all Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv) or (viii) of the definition thereof; and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has provided notice to the Paying Agent/Registrar and the Remarketing Agent that it has reinstated the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such funds were secured by a Credit Enhancement prior to becoming Liquidity Provider Bonds which Credit Enhancement is no longer in effect), or (D) which are being marketed as Fixed Rate Bonds.

The Remarketing Agent will not remarket Bonds to the City. In connection with the remarketing of any Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent will notify each person to which such Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in this Ordinance to the contrary notwithstanding, if there shall have occurred and be continuing either a Credit Provider Failure

or a Liquidity Provider Failure, the Remarketing Agent shall not remarket any Bonds. All other provisions of this Ordinance, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Event of Default.

(2) Notice of Remarketing; Registration Instructions; New Bonds.
On each date on which a Bond is to be purchased:

(i) the Remarketing Agent shall notify by Electronic Means the Tender Agent by 9:30 A.M. of the principal amount of tendered Bonds it has remarketed;

(ii) after the Remarketing Agent has delivered the notice described in clause (i) above, the Remarketing Agent shall notify the Tender Agent by Electronic Means not later than 1:00 P.M. of such information as may be necessary to register and deliver Bonds remarketed with respect thereto;

(iii) the Remarketing Agent shall cause the proceeds of the remarketing by such Remarketing Agent of tendered Bonds to be paid to the Tender Agent in immediately available funds not later than 9:45 A.M. on the Purchase Date for such Bonds; and

(iv) if the Bonds are no longer in the Book-Entry System, the Tender Agent shall authenticate new Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 2:30 P.M.

(3) Draw on Liquidity Facility. On each date on which a Bond is to be purchased, (i) if the Remarketing Agent shall have given notice to the Tender Agent pursuant to clause (2)(i) above that it has been unable to remarket any of the Bonds or (ii) if the Tender Agent has not received from the Remarketing Agent an amount sufficient to pay the Purchase Price of tendered Bonds, by 10:00 A.M. on the Purchase Date, then the Tender Agent shall direct the Paying Agent/Registrar (if the two are separate entities) to draw on the Liquidity Facility (or if no Liquidity Facility is in effect, request funds from the City) by no later than 10:30 A.M. in an amount equal to the Purchase Price of all such Bonds which have not been successfully remarketed, requesting payment not later than 2:00 P.M. on the Purchase Date. If a Liquidity Facility is in effect, the Paying Agent/Registrar shall

also give the City notice by 2:45 P.M. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of Bonds tendered on such Purchase Date. Any draw on a Liquidity Facility to be made on a Substitution Date shall be on the Liquidity Facility being replaced.

(d) Source of Funds for Purchase of Bonds. By 3:30 P.M. on the date on which a Bond is to be purchased, and except as set forth in subsection (f)(2)(ii) hereof, the Tender Agent shall purchase tendered Bonds from the tendering Holders at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and none of the Tender Agent, the Paying Agent/Registrar nor the Remarketing Agent shall be obligated to provide funds from any other source:

- (1) immediately available funds on deposit in the Remarketing Proceeds Account;
- (2) immediately available funds on deposit in the Liquidity Facility Purchase Account; and
- (3) moneys of the City on deposit in the City Purchase Account.

The City may, but shall not be obligated to, deposit amounts into the City Purchase Account sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account are insufficient therefor.

Neither the proceeds of any remarketing of the Bonds nor any funds drawn or claimed under the Liquidity Facility or Credit Facility shall constitute Gross Revenues.

(e) Delivery of Bonds. On each date on which a Bond is to be purchased, such Bond shall be delivered as follows:

- (1) Bonds sold by the Remarketing Agent and described in subsection (d)(1) hereof shall be delivered by the Remarketing Agent to the purchasers of such Bonds by 3:30 P.M.;
- (2) Bonds purchased by the Tender Agent with moneys described in subsection (d)(2) hereof shall be registered immediately in the name of

the Liquidity Provider or its nominee (which may be the Securities Depository) on or before 3:30 P.M.; and

(3) To the extent permitted by law, Bonds purchased by the City with moneys described in subsection (d)(3) hereof shall be registered, immediately in the name of the City or its nominee on or before 3:30 P.M. Bonds so owned by the City shall continue to be outstanding under the terms of this Ordinance and be subject to all of the terms and conditions of this Ordinance and shall be subject to remarketing by the Remarketing Agent.

(f) Book-Entry Tenders.

(1) Notwithstanding any other provision of this Section 7 to the contrary, all tenders for purchase during any period in which the Bonds are registered in the name of Cede & Co. (or the nominee of any successor Securities Depository) shall be subject to the terms and conditions set forth in the Representations Letter and to any regulations promulgated by DTC (or any successor Securities Depository). For so long as the Bonds are registered in the name of Cede & Co., as nominee for DTC, the tender option rights of Holders of Bonds may be exercised only by DTC by giving notice of its election to tender Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to tender Bonds directly to the Tender Agent. Procedures under which a Beneficial Owner may direct a Direct Participant or DTC, or an Indirect Participant of DTC acting through a Direct Participant of DTC, to exercise a tender option right in respect of Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. For so long as the Bonds are registered in the name of Cede & Co., as nominee for DTC, delivery of Bonds required to be tendered for purchase shall be effected by the transfer on the applicable Purchase Date of a book-entry credit to the account of the Tender Agent of a beneficial interest in such Bonds.

(2) Notwithstanding anything expressed or implied herein to the contrary, so long as the Book-Entry System for the Bonds is maintained by the City:

(i) there shall be no requirement of physical delivery to or by the Tender Agent, the Remarketing Agent or the Paying Agent/Registrar of:

(A) any Bonds subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor;

(B) any Bonds that have become Liquidity Provider Bonds;
or

(C) any remarketing proceeds of such Bonds or Liquidity Provider Bonds; and

(ii) except as provided in (iii) below, neither the Paying Agent/Registrar nor the Tender Agent shall have any responsibility for paying the Purchase Price of any tendered Bond or for remitting remarketing proceeds to any person; and

(iii) the Tender Agent's sole responsibilities in connection with the purchase and remarketing of a tendered Bond shall be to:

(A) draw upon the Liquidity Facility in the event the Remarketing Agent notifies the Tender Agent as provided herein that such Bond has not been remarketed on or before the Purchase Date therefor, which draw shall be in an amount equal to the difference between such Purchase Price and any remarketing proceeds received by Remarketing Agent in connection with a partial remarketing of such Bond, and to remit the amount so drawn to or upon the order of the Securities Depository for the benefit of the tendering Beneficial Owners; and

(B) remit any proceeds derived from the remarketing of a Liquidity Provider Bond to the Liquidity Provider.

(g) No Book-Entry System. If at any time the Bonds shall no longer be in the Book-Entry System, the following procedures shall be followed:

(1) Bonds shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this subsection only if the Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice described in this subsection. Payment of the Purchase Price with

respect to purchases under this subsection shall be made to the Holders of tendered Bonds by wire transfer in immediately available funds by the Paying Agent/Registrar at the direction of the Tender Agent by 3:30 P.M. on the Purchase Date.

(2) If a Bond to be purchased is not delivered by the Holder to the Tender Agent by 12:00 noon on the date in which such Bond is to be purchased, the Tender Agent shall hold any funds received for the purchase of those Bonds in the Purchase Fund in trust and shall pay such funds to the former Holders of the Bonds upon presentation of the Bonds. Such undelivered Bonds shall cease to accrue interest as to the former Holders on such purchase date and moneys representing the Purchase Price shall be available against delivery of those Bonds at the New York, New York office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Holder of a Bond not presented for purchase for a period of two years after delivery of such funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by the City and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the City free of any trust or lien and thereafter the former Holder of such Bond shall look only to the City and then only to the extent of the amounts so received by the City without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Bonds. The Paying Agent/Registrar shall, at the direction of the Tender Agent, authenticate a replacement Bond for any undelivered Bond which may then be remarketed by the Remarketing Agent.

(3) The Tender Agent shall hold all Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Holders of the Bonds which shall have so tendered such Bonds until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders.

(h) Credit Enhancement and Liquidity Facility.

(1) While the Credit Enhancement is in effect with respect to any Bonds, the Paying Agent/Registrar shall, on the Business Day preceding each Interest Payment Date and Principal Payment Date, before 2:00 P.M. on such day, draw on the Credit Enhancement in accordance with the terms thereof so as to receive thereunder with respect to Bonds covered by the Credit Enhancement by 11:00 A.M. on said Interest Payment Date and

Principal Payment Date, an amount, in immediately available funds, equal to the amount of interest and principal payable on such Bonds on such Interest Payment Date and Principal Payment Date. The proceeds of such draws shall be deposited in a separate account in the Debt Service Fund and shall be applied to pay principal of and interest on the Bonds prior to the application of any other funds held by the Paying Agent/Registrar therefor. Amounts held in such account shall be held uninvested and separate and apart from all other funds and accounts.

(2) If a Liquidity Facility is in effect, on each date on which a Bond is to be purchased, the Tender Agent (if it is the beneficiary of the Liquidity Facility), or the Paying Agent/Registrar (if it is the beneficiary of the Liquidity Facility) at the direction of the Tender Agent as provided in Section 7(c)(3) hereof, by demand given by Electronic Means before 10:30 A.M., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:00 P.M. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith. The proceeds of such draw shall be paid to the Tender Agent, who shall deposit said proceeds in the Liquidity Facility Purchase Account pursuant to Section 7(i)(2) hereof.

(3) Notwithstanding the foregoing paragraph of this subsection, if the Credit Provider and the Liquidity Provider are the same entity, the Paying Agent/Registrar shall not draw on the Credit Enhancement with respect to any payments due or made in connection with Liquidity Provider Bonds. In no event shall the Paying Agent/Registrar draw on the Credit Enhancement with respect to any payments made or made in connection with Bonds not covered by the Credit Enhancement or Bonds owned by the City.

(4) The City may also provide an Alternate Credit Enhancement or Alternate Liquidity Facility on any day on which the Bonds are subject to redemption at par not later than the fifth (5th) Business Day prior to the Expiration Date of the Credit Enhancement, if any, or Liquidity Facility then in effect. The City shall give the Notice Parties written notice of the proposed substitution of an Alternate Credit Enhancement or Alternate Liquidity Facility no less than two (2) Business Days prior to the date on which the Paying Agent/Registrar is required to provide notice of the proposed substitution to the Holders of the Bonds. The Paying Agent/Registrar shall give notice of such Substitution Date in accordance

with Section 7(b). On or before the Substitution Date there shall be delivered to the Paying Agent/Registrar or the Tender Agent, as applicable (i) the Alternate Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider, if any, and the Liquidity Provider under the applicable Reimbursement Agreement(s), on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the preceding sentence, the Paying Agent/Registrar shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the close of business on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date; provided, however, that the Paying Agent/Registrar shall not surrender the Credit Enhancement or Liquidity Facility then in effect unless and until the Paying Agent/Registrar has received all amounts drawn thereunder pursuant to Section 7(b) herein, as applicable. If any condition to the substitution is not satisfied, the substitution shall not occur but the Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

(5) In the event of an extension of the Expiration Date, the City shall give to the Notice Parties, a written notice of the new Expiration Date at least twenty-one (21) days prior to the fifth Business Day prior to the Expiration Date in effect prior to such extension.

(6) The references to Liquidity Facility and Liquidity Provider shall be disregarded during any period during which a Liquidity Facility is not required to be in effect.

(7) Neither the Paying Agent/Registrar nor the Tender Agent shall have any lien on or security interest in any amounts drawn under the Credit Enhancement or the Liquidity Facility or any amounts on deposit in the account described in subsection (h)(1) above in which proceeds of draws on

the Credit Enhancement are deposited or the Liquidity Facility Purchase Account.

(i) Purchase Fund. There is hereby established and there shall be maintained with the Tender Agent, as agent for the Paying Agent/Registrar, a separate fund to be known as the "Purchase Fund." The Tender Agent shall further establish separate accounts within the Purchase Fund to be known as the "Liquidity Facility Purchase Account" and the "Remarketing Proceeds Account" and the "City Purchase Account."

(1) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a Bond on the date such bond is to be purchased, the Tender Agent shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Bonds. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Liquidity Provider Bonds, the Tender Agent shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider.

(2) Liquidity Facility Purchase Account. Upon receipt from the Paying Agent/Registrar of the immediately available funds transferred to the Tender Agent pursuant to subsection (d)(2) hereof, the Tender Agent shall deposit such money in the Liquidity Facility Purchase Account for application to the Purchase Price of the Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price for any Bonds shall be immediately returned to the Liquidity Provider.

(3) City Purchase Account. Upon receipt of Funds from the City pursuant to subsection (d)(3) hereof, the Tender Agent shall deposit such funds in the City Purchase Account for application to the Purchase Price of the Bonds. Any amounts deposited in the City Purchase Account and not needed with respect to the Purchase Price for any Bonds shall be immediately refunded to the City.

(4) Investment. Amounts held in the Liquidity Facility Purchase Account and the Remarketing Proceeds Account by the Paying Agent/Registrar shall be held uninvested and separate and apart from all other funds and accounts.

(j) Insufficient Funds for Tenders.

(1) If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available: (1) no purchase shall be consummated on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds shall be returned to the Remarketing Agent for return to the Persons providing such moneys.

(2) All Bonds shall bear interest at the Unremarketed Bonds Rate during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed (the "Delayed Remarketing Period"). The first Rate Determination Date for purposes of determining the Alternate Rate shall be the Purchase Date.

(3) The City may direct the conversion of the Tendered Bonds to a different Interest Rate Mode during the Delayed Remarketing Period in accordance with Section 5(i) hereof; provided that the City shall not be required to comply with the notice requirements described in Section 5(i).

(4) Subject to the terms of the Remarketing Agreement, the Remarketing Agent shall continue to use its best efforts to remarket all of the Tendered Bonds.

(5) During the Delayed Remarketing Period, the Paying Agent/Registrar may, upon direction of the City, apply amounts on deposit in the Debt Service Fund to the redemption of such Tendered Bonds, as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notwithstanding Section 6(l) to the contrary, the Paying Agent/Registrar shall give five (5) Business Days' notice of such redemption to the Holders of the Bonds to be redeemed.

(6) During the Delayed Remarketing Period, interest on such Tendered Bonds shall be paid to the Holders thereof (i) the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

(k) Required Changes. Notwithstanding anything herein to the contrary, the Pricing Officer is hereby authorized to make any and all changes to

any time periods and notice periods set forth in this Section 7 or contained in the definitions herein to ensure proper sequencing of events to properly achieve such tendering mechanics as are required to effect the provisions of the Series 2008 Liquidity Agreement. Any such changed time periods, notice periods or such definitions shall be restated in full in the Pricing Certificate.

SECTION 8: THE REMARKETING AGENT AND TENDER AGENT.

(a) Appointment of Remarketing Agent.

(1) The Remarketing Agent shall be appointed pursuant to the Remarketing Agreement to remarket Bonds pursuant to this Ordinance and perform the other duties of the Remarketing Agent described hereunder, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent/Registrar at all reasonable times. The Remarketing Agent shall act as such under the Remarketing Agreement.

(2) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance as set forth in the Remarketing Agreement. The Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the City as set forth in the Remarketing Agreement. Any successor Remarketing Agent shall be selected by the City, and shall be a member of the National Association of Securities Dealers, Inc., shall have a capitalization of at least fifteen million dollars (\$15,000,000), shall be authorized by law to perform all the duties set forth in this Ordinance and shall be acceptable to the Credit Provider and Liquidity Provider. The City's delivery to the Paying Agent/Registrar of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Ordinance and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Ordinance.

(b) Consolidation, Merger of Remarketing Agent. If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting,

surviving or transferee corporation without any further act shall be the successor Remarketing Agent.

(c) Tender Agent. There shall be a Tender Agent appointed by the City, with, except in the case of the initial Tender Agent, the approval of the Credit Provider and the Liquidity Provider. The Tender Agent shall have the power to act in the purchase of Bonds on any Purchase Date and the payment of the Purchase Price therefor. Such Tender Agent shall at all times be a commercial bank or a trust company having an office or agent in the City and County of New York, New York, organized and doing business under the laws of the United States or of any state, with a combined capital and surplus or a minimum capitalization of at least \$50,000,000 and authorized under such laws to perform all the duties imposed herein on the Tender Agent. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of any authority, then for the purposes of this subsection the combined capital and surplus or the capitalization of such corporation shall be deemed to be its combined capital and surplus or its capitalization as set forth in its most recent report of condition so published.

U.S. Bank National Association, Houston, Texas is hereby appointed as initial Tender Agent.

The City shall inform each Rating Agency, the Credit Provider and the Liquidity Provider in writing of any resignation or removal of the Tender Agent and of the appointment of any successor Tender Agent.

Any corporation into which any Tender Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation, or conversion to which any Tender Agent shall be a party, or any corporation succeeding to the corporate trust business of any Tender Agent, shall be the successor of the Tender Agent hereunder, if such successor corporation is otherwise eligible under this subsection, without the execution or filing of any further document on the part of the parties hereto or the Tender Agent or such successor corporation.

Any Tender Agent may resign at any time by giving written notice of such resignation to the Paying Agent/Registrar, the City, the Remarketing Agent, the Credit Provider, and the Liquidity Provider. The City may terminate the agency of any Tender Agent by giving at least fifteen (15) days written notice of such termination to such Tender Agent and the Remarketing Agent, the Credit Provider, the Liquidity Provider and the Paying Agent/Registrar. Upon receiving such a

notice of resignation or upon such a termination, or in case at any time any Tender Agent shall cease to be eligible under this subsection, the City shall promptly appoint a successor Tender Agent acceptable to the Credit Provider and the Liquidity Provider, and shall give written notice of such appointment to the Holders of the Bonds and the Paying Agent/Registrar.

No such resignation or removal shall take effect until a successor Tender Agent shall have been appointed and the successor Tender Agent has accepted such appointment. If no successor Tender Agent has accepted appointment within thirty (30) days after the Tender Agent has given notice of its resignation as provided above, the Tender Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Tender Agent, provided that any Tender Agent so appointed shall immediately and without further act be superseded by any Tender Agent appointed by the City as provided above.

The City will cause each Tender Agent to execute and deliver to the City and the Paying Agent/Registrar an instrument in which such Tender Agent shall agree, subject to the provisions of this subsection, that such Tender Agent will:

- A. hold all sums held by it for the payment of the Purchase Price of Bonds in a separate account in trust for the benefit of the Holders of such Bonds until such sums shall be paid to the Holders or otherwise disposed of as herein provided;
- B. at any time, upon the written request of the Paying Agent/Registrar, forthwith pay to the Paying Agent/Registrar all sums so held in trust by such Tender Agent; and
- C. observe and perform the obligations of the Tender Agent hereunder.

SECTION 9: THE BROKER-DEALER AND THE AUCTION AGENT.

(a) Appointment of Broker-Dealer.

(1) A Broker-Dealer shall be appointed pursuant to a Broker-Dealer Agreement to perform the duties of a Broker-Dealer described hereunder. A Broker-Dealer shall act as such under its Broker-Dealer Agreement.

(2) A Broker-Dealer may at any time resign and be discharged of the duties and obligations created by this Ordinance as set forth in its Broker-Dealer Agreement. A Broker-Dealer may suspend its efforts as set

forth in its Broker-Dealer Agreement. A Broker-Dealer may be removed at any time, at the direction of the City as set forth in its Broker-Dealer Agreement. Any successor Broker-Dealer shall be selected by the City, and shall be a member of the National Association of Securities Dealers, Inc. ("NASD"), shall have a capitalization of at least fifteen million dollars (\$15,000,000), shall be authorized by law to perform all the duties set forth in this Ordinance and shall be acceptable to the Credit Provider and Liquidity Provider. The City's delivery to the Paying Agent/Registrar of a certificate setting forth the effective date of the appointment of a successor or additional Broker-Dealer and the name of such successor or additional Broker-Dealer shall be conclusive evidence that (i) if applicable, the predecessor Broker-Dealer has been removed in accordance with the provisions of this Ordinance and (ii) such successor or additional Broker-Dealer has been appointed and is qualified to act as a Broker-Dealer under the terms of this Ordinance.

(3) If a Broker-Dealer consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Broker-Dealer.

(b) Appointment of Auction Agent.

(1) The Auction Agent shall be appointed by the Paying Agent/Registrar at the written direction of the City, as set forth in Exhibit E hereto, to perform the functions specified herein. The Auction Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument, delivered to the City, the Paying Agent/Registrar and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the City and the Paying Agent/Registrar.

(2) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Bonds with the same rights as if such entity were not the Auction Agent.

(3) The Auction Agent shall be (i) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least

\$30,000,000, or (ii) a member of NASD having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by this Ordinance and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance or may be removed at any time by the City as provided in the Auction Agreement. Upon any such resignation or removal, the Paying Agent/Registrar at the direction of the City, shall appoint a successor Auction Agent meeting the requirements of this subsection. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties until its successor has been appointed by the Paying Agent/Registrar; provided, however, that if a successor Auction Agent has not been appointed within forty-five (45) days of the giving of such notice of resignation or removal of the Auction Agent, the Auction Agent may petition a court of competent jurisdiction to appoint a substitute Auction Agent. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to the City and the Paying Agent/Registrar even if a successor Auction Agent has not been appointed.

(c) Notices to and Consents of Auction Agent or Broker-Dealer.

All notices regarding amendments to this Ordinance shall be delivered to the Auction Agent and the Broker-Dealer at the time and in the same manner as such notices are delivered to the Holders of the Bonds. No amendment shall become effective with respect to the Auction Agent or the Broker-Dealer without the consent of such party if it adversely affects the rights, duties, privileges, immunities and liabilities of such party.

SECTION 10: REGISTRATION – TRANSFER – EXCHANGE OF BONDS – PREDECESSOR BONDS. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each Holder of the Bonds issued under and pursuant to the provisions of this Fifteenth Supplement. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other Authorized Denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

For all purposes hereunder, the ownership relating to all Bonds shall be established by the Security Register maintained by the Paying Agent/Registrar, and the City, the Paying Agent/Registrar, the Liquidity Provider, the Credit Provider, the Remarketing Agent, if any, the Auction Agent, if any, and the Broker-Dealer, if any, shall conclusively deem the Holder to be the sole owner of all right, title and interest to the Bonds.

Upon surrender for transfer of any Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds executed on behalf of, and furnished by, the City of Authorized Denominations and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of Authorized Denominations, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States Mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Fifteenth Supplement, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this subsection shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued,

registered and delivered in lieu thereof pursuant to Section 23 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of such Bond; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 11: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS.

Notwithstanding the provisions contained in Sections 4, 5, 6, 7 and 10 hereof relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representation, by and between the City and DTC and any further agreement between the City and DTC necessary or appropriate in connection with the Bonds, each of which is hereby approved and confirmed and the execution and delivery of which is hereby authorized and directed (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such

Bonds shall be made in accordance with the provisions of Sections 4, 5, 6, 7 and 10 hereof.

Bonds held in book-entry form shall bear the following legend: EXCEPT AS OTHERWISE PROVIDED IN THE FIFTEENTH SUPPLEMENT, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

SECTION 12: EXECUTION - REGISTRATION. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the date of adoption of this Fifteenth Supplement shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in V.T.C.A., Government Code, Chapter 1201, as amended.

No Bond shall be entitled to any right or benefit under this Fifteenth Supplement, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 14(c), manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 14(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 13: INITIAL BOND. The Bonds herein authorized shall be initially issued as a single fully registered bond in the total principal amount specified in the Pricing Certificate and numbered TR-1 (hereinafter called the "Initial Bond"). The Initial Bond shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the

Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor a definitive Bond of Authorized Denominations, the same Stated Maturity, the same principal amount and bearing the same applicable interest rates for transfer and delivery to the Holder named at the address identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 14: FORMS.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Fifteenth Supplement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond shall be printed, lithographed, or engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond. The Pricing Officer is authorized to approve the form of definitive Bond which shall be set forth in the Pricing Certificate with respect to Bonds in a Weekly Mode or Daily Mode, with respect to Bonds in a Flexible Mode, Term Mode or Fixed Mode, and with respect to Bonds in an Auction Mode.

(c) Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER)	
)	
OF PUBLIC ACCOUNTS)	REGISTER NO. _____
)	
THE STATE OF TEXAS)	

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered in the name of the Registered Holder shown above under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in St. Paul, Minnesota is the initial Designated Payment/Transfer Office for this Bond.

U.S. BANK NATIONAL ASSOCIATION
as Paying Agent/Registrar

Registration date:

By _____
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:)

(Social Security or other identifying number: _____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

SECTION 15: ISSUANCE OF PARITY WATER/WASTEWATER OBLIGATIONS AND CREDIT AGREEMENTS. The City has provided certain criteria and established certain covenants and agreements in relation to the issuance of Parity Water/Wastewater Obligations and Credit Agreements payable from Net Revenues of the Water/Wastewater System pursuant to the Master Ordinance and Prior Supplements. This Fifteenth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and security of the Bonds, which are Parity Water/Wastewater Obligations payable from and secured by the Net Revenues.

The Master Ordinance is incorporated herein by reference and made a part hereof for all purposes, except to the extent modified and supplemented by the Prior Supplements and this Fifteenth Supplement, and the Bonds are hereby declared to be Parity Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The City hereby finds and determines that it will have sufficient Gross Revenues to meet the obligations of the Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt Service Requirements of the Bonds and the Previously Issued Parity Water/Wastewater Obligations.

SECTION 16: PLEDGE. Subject to the prior claim on and lien on the Net Revenues of the Water/Wastewater System to the payment and security of the Prior First Lien Obligations currently Outstanding, including the funding and maintenance of the special funds established and maintained for the payment and security of such Prior First Lien Obligations, the Net Revenues of the Water/Wastewater System are hereby pledged to the payment of the Bonds (the “Fifteenth Supplement Secured Obligations”); and the Fifteenth Supplement Secured Obligations, together with the Prior Subordinate Lien Obligations, the Previously Issued Separate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System in accordance with the terms of the Master Ordinance, the Prior Supplements and this Fifteenth Supplement. Additionally, the Fifteenth Supplement Secured Obligations and the Previously Issued Parity Water/Wastewater Obligations shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and Reserve Fund in accordance with the terms of the Master Ordinance, the Prior Supplements and this Fifteenth Supplement. The Bonds and the Fifteenth Supplement Secured Obligations are and will be secured by and payable only from the Net Revenues of the Water/Wastewater System, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, of the Water/Wastewater System. The owners of the Fifteenth Supplement Secured Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than as specified in the Master Ordinance, the Prior Supplements and this Fifteenth Supplement.

It is hereby ordained that the Fifteenth Supplement Secured Obligations, and the interest (if any) thereon, shall constitute a lien on the Net Revenues of the City’s Water and Wastewater System and be valid and binding and fully perfected from and after the date of adoption of this Fifteenth Supplement without physical

delivery or transfer or transfer of control of the Net Revenues, the filing of this Fifteenth Supplement or any other act; all as provided in Chapters 1208, 1371 and 1502 of the Texas Government Code, as amended. Chapters 1208, 1371 and 1502, Texas Government Code, as amended, apply to the issuance of the Fifteenth Supplement Secured Obligations and the pledge of the Net Revenues of the City's Water and Wastewater System granted by the City under this Section 16, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Fifteenth Supplement Secured Obligations are Outstanding such that the pledge of the Net Revenues of the City's Water and Wastewater System granted by the City under this Section 16 is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Fifteenth Supplement Secured Obligations the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 17: DEBT SERVICE FUND. By reason of the issuance of the Fifteenth Supplement Secured Obligations, the City need not establish any special accounts within the Debt Service Fund and following the delivery of such obligations, the City hereby agrees and covenants to cause to be deposited to the credit of the Debt Service Fund an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and principal of the Bonds and amounts, if any, owed under the other Fifteenth Supplement Secured Obligations, falling due on or before each maturity, mandatory redemption date and interest payment date (but excluding payment of the Purchase Price for Bonds), and such deposits shall be made, with respect to the Bonds, in substantially equal monthly amounts on or before the 15th day of each month beginning on or before the 15th day of the month next following the month the Bonds are delivered to the Underwriter, for which purposes, the City may assume that interest on the Bonds will continue to accrue at the rate of accrual then in effect on the date of such payment. With respect to the other Fifteenth Supplement Secured Obligations, such deposits shall be made on such monthly payment dates in amounts needed (or reasonably expected to be needed) to pay the City's obligations thereunder due in the next succeeding month.

If on any date on which a payment by the City (other than in respect of Purchase Price) is due on or in respect of a Fifteenth Supplement Secured Obligation and there is insufficient money in the Debt Service Fund to make such payment, the City shall deposit to the Debt Service Fund and thereafter transfer to

the applicable payee or Paying Agent/Registrar, but solely from and to the extent of available Net Revenues, sufficient money to make or complete such payment.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds and other payments required with respect to Parity Water/Wastewater Obligations shall continue to be made in the manner provided herein until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Parity Water/Wastewater Obligations then Outstanding or (ii) the Fifteenth Supplement Secured Obligations are no longer outstanding, *i.e.*, fully paid as to principal, interest and other amounts owing or all the Bonds have been refunded and all other Fifteenth Supplement Secured Obligations have been retired or terminated in accordance with their terms without further obligation on the part of the City.

On each date a payment is due on the Parity Water/Wastewater Obligations, the City shall make such payment from the Debt Service Fund.

If a Credit Facility is in effect with respect to the Bonds, then, to the extent required under the applicable Credit Agreement, the City shall disburse money from the Debt Service Fund to reimburse the Credit Provider when due to the extent the same has paid or advanced funds to pay debt service on, or the redemption of, any Bonds.

If the City is required to (or if it is permitted to and elects to) advance funds to pay directly the Purchase Price of the Bonds, the City shall disburse funds for such purpose from sources other than the Debt Service Fund, the payment of the Purchase Price of Bonds not constituting the payment of principal of or interest on Bonds.

If a Liquidity Facility is in effect with respect to the Bonds, the City may pay the fees and expenses of the Liquidity Provider from the Debt Service Fund, and shall disburse funds from the Debt Service Fund as needed to pay principal and redemption price of and interest on Liquidity Provider Bonds and other amounts owed to the Liquidity Provider. Amounts in the Debt Service Fund shall not be used to pay the Purchase Price of the Bonds.

Notwithstanding anything herein to the contrary, the City shall deposit to the Debt Service Fund and credit against the City's monthly deposit obligations for the payment of interest on the Bonds under this Section 17 all money received from the Hedge Counterparty to the Series 2008 Interest Rate Management Agreement, except for any moneys received due to early termination thereof.

The City may establish and utilize such accounts within the Debt Service Fund as it may, from time to time, deem appropriate.

SECTION 18: RESERVE FUND. In accordance with the provisions of the Prior Supplements authorizing the issuance of the Previously Issued Water/Wastewater Obligations, the Required Reserve Amount is funded with surety bonds issued by MBIA Insurance Corporation, Financial Security Assurance Inc., Ambac Assurance Corporation and XL Capital Assurance Inc. Upon the issuance of the Bonds, proceeds of the Bonds in an amount equal to not less than 50% of the average Annual Debt Service Requirements of the Bonds shall be deposited to the Reserve Fund. Any draws on the surety bonds or other credit agreements funding the Required Reserve Amount on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such surety bond or credit agreement) after applying available cash and investments in the Reserve Fund.

The provisions of Section 8 of the Master Ordinance relating to the Reserve Fund, particularly paragraphs (b), (c) and (d) thereof, are hereby incorporated by reference and made a part hereof as if the same were restated in full in this Section.

Notwithstanding paragraph (f) of Section 8 of the Master Ordinance, the Series 2008 Liquidity Agreement shall also be secured by and entitled to payment from the Reserve Fund.

SECTION 19: PAYMENT OF BONDS; CREDIT AGREEMENTS. On or before the first scheduled interest payment date, and on or before each interest payment date and principal payment date thereafter while any of the Bonds are Outstanding, the City shall cause an amount to be transferred to the Paying Agent/Registrar in immediately available funds from the Debt Service Fund and Reserve Fund, if necessary, sufficient to pay such interest on and such principal amount of the Bonds, as shall become due on such dates, respectively, at maturity or mandatory redemption; provided, however, that if there is a Credit Facility in effect with respect to the Bonds and the Credit Facility provides for the direct payment by the Credit Provider of funds to the Paying Agent/Registrar to pay such interest and principal, the City shall, upon confirmation that the Credit Provider has made such payment, cause to be transferred in immediately available funds from the Debt Service Fund an amount sufficient to reimburse the Credit Provider for such payment and, to the extent provided in the applicable Credit Agreement, to pay any related fees and charges of the Credit Provider associated therewith. Unless otherwise directed by the City, the Paying Agent/Registrar shall destroy all paid Bonds and furnish the City with an appropriate certificate of cancellation or

destruction. If the City so directs, Bonds, the principal of which is not yet due for payment, that have been purchased by the City (excluding Bonds purchased with funds in the Debt Service Fund or the Reserve Fund), may remain outstanding and be redelivered and sold by the City.

In addition, the City shall cause to be paid when due from the Debt Service Fund to the appropriate Person each amount due such Person (other than with respect to the Purchase Price of Bonds) under a Fifteenth Supplement Secured Obligation.

SECTION 20: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.

(a) Definitions. When used in this Fifteenth Supplement, the following terms have the following meanings:

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the Underwriter against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150

of the Code, and 103 of the Code, which are applicable to the Bonds. *Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.*

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of

the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield of any Investment acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Debt Service Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to

the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, City Manager, Chief Financial Officer, Deputy Chief Financial Officer or Treasurer, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Bonds Not Hedge Bonds. (1) At the time the original obligations refunded by the Bonds were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such original obligations within three years after such obligations were issued and (2) not more than 50% of the proceeds of the original obligations refunded by the Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(l) Current Refunding. The Series 1997 Refunded Obligations being refunded by the Bonds constitute a current refunding as the payment of such Refunded Obligations will occur within 90 days of the delivery of the Bonds.

(m) Qualified Advance Refunding. The Bonds being issued to refund the Series 2001A and Series 2001B Refunded Obligations (the "Advance Refunded Obligations"), will be issued more than 90 days before the redemption of the Refunded Obligations. The City represents as follows:

(1) The Bonds are the first advance refunding of the Advance Refunded Obligations within the meaning of section 149(d)(3) of the Code.

(2) The Advance Refunded Obligations are being called for redemption, and will be redeemed not later than the earliest date on which

such bonds may be redeemed and on which the City will realize present value debt service savings (determined without regard to administrative expenses) on the issue.

(3) The initial temporary period under section 148(c) of the Code will end: (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds; and (ii) with respect to proceeds of the Advance Refunded Obligations on the Closing Date if not ended prior thereto.

(4) On and after the date of issue of the Bonds, no proceeds of the Advance Refunded Obligations will be invested in Nonpurpose Investments having a Yield in excess of the Yield on such Advance Refunded Obligations.

(5) The Bonds are being issued for the purposes stated in the preamble of this Ordinance. There is a present value savings associated with the refunding. In the issuance of the Bonds the City has neither: (i) overburdened the tax exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than reasonably necessary to accomplish the governmental purposes for which the Bonds were issued; (ii) employed on "abusive arbitrage device" within the meaning of Section 1.148-10(a) of the Regulations; nor (iii) employed a "device" to obtain a material financial advantage based on arbitrage, within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates and reduced debt service payments in early years.

SECTION 21: AMENDMENT OF FIFTEENTH SUPPLEMENT.

(a) Required Holder Consent for Amendments. With the consent of the Credit Provider (so long as a Credit Facility is in effect and the Credit Provider is not in payment default thereunder), the Liquidity Provider (so long as a Liquidity Facility is in effect and the Liquidity Provider is not in payment default thereunder), and the owners of a majority in Outstanding Principal Amount of the Bonds, the City shall have the right from time to time to effect any amendment to this Fifteenth Supplement which may be deemed necessary or desirable by the City; provided, however, nothing contained herein shall permit or be construed to permit the amendment of the terms and conditions in this Fifteenth Supplement so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Bonds;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds then Outstanding;
- (6) Amend this subsection (a) of this subsection; or
- (7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;

unless such amendment or amendments be approved by the owners of all of the Bonds then Outstanding affected by the change or amendment.

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Fifteenth Supplement under subsection (a), the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the city of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file with the Paying Agent/Registrar for the Bonds. Such publication is not required, however, if notice in writing is given by mail, first class postage prepaid, to each owner of the Bonds.

(c) Time Period for Obtaining Consent. If within one year from the earlier of (i) the date of the first publication of said notice or (ii) the date of the mailing by the Paying Agent/Registrar of written notice to the owners of the Bonds, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds consenting to and approving such amendment in substantially the form of the copy thereof on file with each Paying Agent/Registrar, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) Revocation of Consent. Any consent given by the owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, and shall be conclusive and binding upon all future owners of the same Bonds during such period. At any time after six months from the date for measuring the one year period to obtain consents noted in paragraph (c) above, such consent may be revoked by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent/Registrar for such Bonds and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then Outstanding Bonds as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment. Any consent given by any Credit Provider or any Liquidity Provider shall be irrevocable for a period of six months from the date of such consent.

(e) Implementation of Amendment. Upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Fifteenth Supplement shall be deemed to be amended, and the respective rights, duties and obligations of the City under this Fifteenth Supplement and all the owners of then Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

(f) Amendment without Consent. The foregoing provisions of this Section notwithstanding, the City by action of its governing body may amend this Fifteenth Supplement, with the consent of the Credit Provider and the Liquidity Provider, but without consent of any owner of Bonds, for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Fifteenth Supplement contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Bonds or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Fifteenth Supplement, or in regard to clarifying matters or questions arising under this Fifteenth Supplement, as are necessary or desirable and not contrary to or inconsistent with this Fifteenth Supplement and which shall not adversely affect the interests of the owners of the Bonds then outstanding;

(3) To modify any of the provisions of this Fifteenth Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after all the Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding;

(4) To make such amendments to this Fifteenth Supplement as may be required, in a Favorable Opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Bonds to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Fifteenth Supplement and which shall not adversely affect the interests of the owners of the Bonds;

(6) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Bonds by a Rating Agency or to obtain or maintain a Liquidity Facility or a Credit Facility or to obtain an Alternate Liquidity Facility or an Alternate Credit Facility;

(7) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Bonds, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate management agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Bonds. Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance;

(8) To make any such changes, modifications, or amendments as may be necessary or desirable to implement or facilitate a change to a New Mode pursuant to Section 5 herein;

(9) So long as a Credit Facility is in effect with respect to the Bonds and the Credit Provider is not in default thereunder to make any other changes, modifications or amendments (other than a change, modification or amendment described in clauses (1) through (7), inclusive, of Section 21(a)) consented to by the Credit Provider, if there is delivered to the City a Favorable Opinion of Bond Counsel; and

(10) Any other changes, modifications, or amendments which take effect after a mandatory tender, if there is delivered to the City a Favorable Opinion of Bond Counsel.

(g) Amendments on Mandatory Purchase Date. The owner of a Bond shall be deemed to have consented to any amendment proposed to become effective on any Mandatory Purchase Date for such Bond.

SECTION 22: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. All or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the meaning of this Fifteenth Supplement when payment of the principal of, and redemption premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, including the giving of any required notice of redemption, or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. If the Bonds are subject to a change in interest rate from the date the defeasance deposit is made and prior to the date of redemption or payment at Stated Maturity, then for purposes of calculating interest requirements on the Bonds, the City shall assume interest at the maximum rate payable on the Bonds during such period, assuming, however, that no Bonds are or will become Liquidity Provider Bonds during such period and that there will be no event of default related to the Bonds during such period. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Fifteenth Supplement, the Master Ordinance or a lien

on and pledge of the Net Revenues of the Water/Wastewater System, and shall be entitled to payment solely from such money or Government Obligations.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, may at the direction of the City also be invested in Government Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Government Obligations not required for the payment of the Bonds, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City or deposited as directed by the City. The City covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any other provisions of this Fifteenth Supplement, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such Bonds, the redemption premium, if any, and interest thereon and the income on such money or Government Obligations shall not be considered to be "Gross Revenues" under this Fifteenth Supplement.

SECTION 23: DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. In the event any Outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided. An application for the replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of

this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Fifteenth Supplement equally and proportionately with any and all other Bonds duly issued under this Fifteenth Supplement.

Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section. Furthermore, in accordance with V.T.C.A., Government Code, Section 1206.022, as amended, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 10 of this Fifteenth Supplement for Bonds issued in exchange for other Bonds.

SECTION 24: FIFTEENTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Fifteenth Supplement shall be deemed to be and shall constitute a contract between the City, the obligees of the City under the Fifteenth Supplement Secured Obligations, and the Holders from time to time of the Bonds. The pledge made in this Fifteenth Supplement by the City and the covenants and agreements set forth in this Fifteenth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, and the obligees of the City under the Fifteenth Supplement Secured Obligations, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Fifteenth Supplement.

SECTION 25: CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Fifteenth Supplement, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*NRMSIR*” means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

“*SID*” means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(b) Annual Reports The City shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2008) financial information and operating data with respect to the City of the general type included in the final Official Statement approved by an Authorized Official, being the information described in the Pricing Certificate. Financial statements to be provided shall be (1) prepared in accordance with the accounting principles described in the Pricing Certificate and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year to each NRMSIR and any SID with the financial information and operating data and will file the annual audit report when and if the same becomes available.

If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other

offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(c) Material Event Notices. The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Holders of the Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds; and
- (11) Rating changes.

The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Bonds

within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Fifteenth Supplement for purposes of any other provision of this Fifteenth Supplement.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City or the Water/Wastewater System, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date

of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Fifteenth Supplement that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data filed with each NRMSIR and SID pursuant to subsection (b) of this Section 25 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 26: REMEDY IN EVENT OF DEFAULT. In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Debt Service Fund or Reserve Fund as required by this Fifteenth Supplement or the Master Ordinance, (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Fifteenth Supplement or the Master Ordinance or (c) the City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Fifteenth Supplement or the Master Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION 27: SALE OF BONDS - OFFICIAL STATEMENT APPROVAL. The Bonds authorized by this Fifteenth Supplement are to be sold by the City to the Underwriters (herein referred to as the "Purchasers") in accordance with a bond purchase agreement (the "Bond Purchase Agreement"), the

terms and provisions of which Bond Purchase Agreement are to be negotiated and determined by the Pricing Officer, in accordance with Section 3 hereof. With regard to such terms and provisions of said Bond Purchase Agreement, the Pricing Officer is hereby authorized to come to an agreement with the Purchasers on the following, among other matters:

- (1) The details of the purchase and sale of the Bonds;
- (2) The details of the public offering of the Bonds by the Purchasers;
- (3) The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City's Rule 15c2-12 compliance;
- (4) A security deposit for the Bonds;
- (5) The representations and warranties of the City to the Purchasers;
- (6) The details of the delivery of, and payment for, the Bonds;
- (7) The Purchasers' obligations under the Bond Purchase Agreement;
- (8) The certain conditions to the obligations of the City under the Bond Purchase Agreement;
- (9) Termination of the Bond Purchase Agreement;
- (10) Particular covenants of the City;
- (11) The survival of representations made in the Bond Purchase Agreement;
- (12) The payment of any expenses relating to the Bond Purchase Agreement;
- (13) Notices; and
- (14) Any and all such other details that are found by the Pricing Officer to be necessary and advisable for the purchase and sale of the Bonds.

The Pricing Officer is hereby authorized and directed to execute said Bond Purchase Agreement for and on behalf of the City and as the act and deed of this City Council.

The Mayor and City Clerk of the City are further authorized and directed to manually or electronically execute and deliver for and on behalf of the City copies of a Preliminary Official Statement, if any, and Official Statement, prepared in connection with the offering of the Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement in the form and content as approved by the Pricing Officer or as manually or electronically executed by said officials shall be deemed to be approved by the City Council of the City and constitute the Official Statement authorized for distribution and use by the Purchasers.

The purchase price of the Bonds shall be as set forth in the Bond Purchase Agreement.

SECTION 28: REDEMPTION OF REFUNDED OBLIGATIONS – ESCROW AGREEMENT.

(a) In order to provide for the refunding, discharge, and retirement of the Refunded Obligations, the Refunded Obligations, identified, described, and in the amount(s) set forth in the Pricing Certificate, are called for redemption on the first date(s) such Refunded Bonds are subject to redemption or such other date specified by the Pricing Officer in the Pricing Certificate at the price of par plus accrued interest to the redemption date, and notice of such redemption shall be given in accordance with the applicable provisions of the ordinance(s) adopted by the City Council of the City, which authorized the issuance of the Refunded Obligations. The Pricing Officer is hereby authorized and directed to issue or cause to be issued a Notice of Redemption for the Refunded Obligations in substantially the forms set forth as an Exhibit to the Pricing Certificate, to the paying agent/registrars for Refunded Obligations, in accordance with the redemption provisions applicable to the Refunded Obligations.

(b) The paying agent/registrars for Refunded Obligations is hereby directed to provide the appropriate notice of redemption as required by the ordinances authorizing the Refunded Obligations and is hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed on the respective redemption dates, including making a lot selection with respect to the redemption of any partial maturities of the Refunded Obligations.

(c) The source of funds for payment of the principal of and interest on the Refunded Obligations on their respective maturity or redemption date shall be from the funds deposited with the Escrow Agent, pursuant to the Escrow Agreement finalized by the Pricing Officer and approved in this Section of this Ordinance and by the Pricing Officer in the Pricing Certificate.

(d) As used herein, the term “Escrow Agreement” means that certain Special Escrow Agreement by and between the City and U.S. Bank National Association as escrow agent (the “Escrow Agent”) substantially in the form attached hereto as Exhibit D together with any such changes thereto as any Pricing Officer may approve. Such Escrow Agreement is hereby authorized to be finalized and executed by the Pricing Officer for and on behalf of the City and as the act and deed of this City Council; and such Escrow Agreement as executed by said Pricing Officer shall be deemed approved by the City Council and constitute

the Escrow Agreement herein approved. With regard to the finalization of certain terms and provisions of said Escrow Agreement, the Pricing Officer is hereby authorized to come to an agreement with the Escrow Agent on the following details, among other matters:

- (1) The identification of the Refunded Bonds;
- (2) The creation and funding of the Escrow Fund or Funds; and
- (3) The Escrow Agent's compensation, administration of the Escrow Fund or Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

(e) Furthermore, appropriate officials of the City in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Underwriters for deposit to the credit of the "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER REVENUE REFUNDING BONDS, SERIES 2008 ESCROW FUND" (referred to herein as the "Escrow Fund"), or such other designation as specified on the Pricing Certificate; all as contemplated and provided in V.T.C.A., Government Code, Chapter 1207, as amended, this Fifteenth Supplement, the Pricing Certificate, and the Escrow Agreement.

SECTION 29: CONTROL AND CUSTODY OF BONDS. The Authorized Officials, any one or more, shall be and are hereby authorized to take and have charge of all necessary orders and records pending the delivery of the Bonds, and shall take and have charge and control of the Initial Bonds pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the purchasers.

Furthermore, one or more Authorized Officials are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the sale of the Bonds, the approval of the Attorney General and registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the printing of definitive Bonds and the delivery of the Bonds to the Underwriters.

SECTION 30: PROCEEDS OF SALE. Immediately following the delivery of the Bonds, the proceeds of sale of the Bonds in an amount sufficient to pay and defease the Refunded Obligations shall be deposited with the Escrow

Agent for the payment and discharge of the Refunded Obligations in accordance with the provisions of the Escrow Agreement, and the balance of such proceeds shall be used for the payment of costs of issuance, including fees under any Credit Agreement, all in accordance with written instructions from the City to the Paying Agent/Registrar.

Additionally, the Pricing Officer shall determine the amount of any City contribution to the refunding from moneys on deposit in the interest and sinking fund(s) maintained for the payment of the Refunded Obligations.

SECTION 31: LEGAL OPINION. The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski L.L.P., approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with The Depository Trust Company.

SECTION 32: CUSIP NUMBERS. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 33: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of this Fifteenth Supplement or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

SECTION 34: LIMITATION OF BENEFITS WITH RESPECT TO THE FIFTEENTH SUPPLEMENT. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Fifteenth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, the Underwriters, the Credit Provider, the Liquidity Provider, the Tender Agent, the Remarketing Agent and the Paying Agent/Registrar, any legal or equitable right,

remedy, or claim under or by reason of or in respect to this Fifteenth Supplement or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Fifteenth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, the Underwriter, the Credit Provider, the Liquidity Provider, the Tender Agent, the Remarketing Agent, the Paying Agent/Registrar, the Auction Agent, if any, and any Broker-Dealer, if any, as herein and therein provided.

SECTION 35: NOTICES TO HOLDERS-WAIVER. Wherever this Fifteenth Supplement provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the Business Day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Fifteenth Supplement provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 36: GOVERNING LAW. This Fifteenth Supplement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 37: HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 38: CONSTRUCTION OF TERMS. If appropriate in the context of this Fifteenth Supplement, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders. Except as otherwise provided herein, any reference to time in this Fifteenth Supplement shall refer to local time in New York, New York.

SECTION 39: SEVERABILITY. If any provision of this Fifteenth Supplement or the application thereof to any circumstance shall be held to be invalid, the remainder of this Fifteenth Supplement and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Fifteenth Supplement would have been enacted without such invalid provision.

SECTION 40: APPROVALS AND SIGNATURES OF AUTHORIZED OFFICIALS. Any agreement, instrument, certificate or other document which this Fifteenth Supplement provides may be approved or executed by one or more Authorized Officials shall be deemed conclusively to be duly approved, executed and delivered on behalf of the City, as its act and deed, in the form and content executed and delivered by an Authorized Official. Any finding or determination made by an Authorized Official relating to the issuance of the Bonds and the execution of documents in connection therewith shall have the same force and effect as a finding or determination made by the City Council.

SECTION 41: RATING AGENCIES. If Moody's, Fitch or S&P maintain a rating on the Bonds such rating agencies shall receive notice by or on behalf of the City, of (i) any change to the Paying Agent/Registrar, Tender Agent or Remarketing Agent; (ii) any material amendment pursuant to Section 21 of this Fifteenth Supplement or any amendment or supplement to the Series 2008 Liquidity Agreement, including, but not limited to, any expiration, termination, or extension thereof; and of defeasance of the Bonds in full.

Notwithstanding anything herein to the contrary and as authorized by law, the Pricing Officer is hereby authorized to include in the Pricing Certificate any provision required by Moody's Fitch or S&P required to obtain the initial ratings on the Bonds.

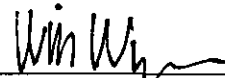
SECTION 42: PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which this Fifteenth Supplement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Fifteenth Supplement, was given; all as required by V.T.C.A., Government Code, Chapter 551, as amended.

SECTION 43: EFFECTIVE DATE. This Fifteenth Supplement is hereby passed on one reading as authorized by V.T.C.A., Government Code, Section 1201.028 and shall be effective immediately upon its passage and adoption.

PASSED AND APPROVED


March 6, 2008

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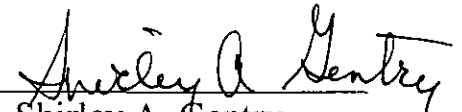
Will Wynn
Mayor

APPROVED:



David Allan Smith
City Attorney

ATTEST:



Shirley A. Gentry
City Clerk

